

**PUBLIC DISCLOSURE**

MAY 22, 2001

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SHARON CREDIT UNION**

42 POND STREET  
SHARON, MA 02067

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

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| <p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p> |
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Sharon Credit Union** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of May 22, 2001.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

The credit union's average net loan-to-deposit (share) ratio for the previous eight quarters was 90.5 percent and exceeds the standards for satisfactory performance.

The credit union extended 68.9 percent of its mortgage loans and 56.0 percent of a sample of its consumer loans inside the assessment area. The credit union was found to meet the standards for satisfactory performance for this category.

A review of the distribution of the credit union's lending by borrower income shows that 17.1 percent of residential loans and 59.5 percent of the consumer loan sample were granted to low and moderate-income members. This performance was determined to meet satisfactory standards.

An analysis of the geographic distribution of lending revealed that the majority of loans were made within middle income census tracts, which predominate among the credit union's geographies. A rating of satisfactory performance was granted for this criterion.

Sharon Credit Union's Fair Lending performance is also considered to meet the standards of satisfactory performance.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Sharon Credit Union, a state chartered financial institution since 1956, is a community credit union serving individuals living or employed in Norfolk, Suffolk, Middlesex, Plymouth, Barnstable and Bristol Counties.

The credit union's main office is located at 42 Pond Street, Sharon, Massachusetts. Additionally, the credit union operates two branch offices located at 2 Union Street, East Walpole, and 100 Forbes Boulevard, Mansfield. Banking hours are 8:30AM to 4:30PM Monday through Wednesday, 8:30AM to 7:00PM Thursday and Friday, and 8:30AM to 1:00PM on Saturdays. The credit union operates Automated Teller Machines (ATM) at all branch locations. The ATMs are connected to the NYCE, Cirrus, Discover, American Express, Honor, Pulse/Visa and Master Charge networks. Currently, the credit union has approximately 25,000 members.

As of March 31, 2001, the credit union had total assets of \$173,982,595, with total loans of \$121,690,185 or 69.9% of total assets. The net loan to deposit ratio, as of the same date, was 82.1%. Currently, residential real estate loans account for 41.8% of the credit union's loan portfolio, followed by auto loans with 38.3%, equity loans with 11.5% and personal loans with 8.4%.

The credit union was last examined for compliance with the Community Reinvestment Act by the Commonwealth of Massachusetts Division of Banks as of May 26, 1998. That examination resulted in a CRA rating of Satisfactory.

### **Description of Assessment Area**

Sharon Credit Union's assessment area consists of the towns of Mansfield, Norton, Dover, Medfield, Norfolk, Foxborough, Walpole, Westwood, Norwood, Sharon, Canton, Plainville, Wrentham and Stoughton in the Boston Metropolitan Statistical Area (MSA); the towns of North Attleboro and Attleboro in the Providence - Fall River MSA; and the Town of Easton in the Brockton MSA. The median-family income for the Boston MSA was \$62,700 in 1999, \$65,500 in 2000 and \$70,000 in 2001. The median-family income for the Brockton MSA was \$55,700 in 1999, \$57,700 in 2000 and \$61,300 in 2001. The median-family income for the Providence - Fall River MSA was \$48,100 in 1999, \$49,800 in 2000 and \$52,800 in 2001.

The credit union's assessment area is comprised of 52 census tracts of which 2 are designated as moderate-income, 31 as middle-income, 18 as upper-income and 1 has no income designation. There are no low-income census tracts.

According to 1990 U.S. Census data, provided by CRA WIZ, the assessment area had a population of 291,584, 4.2% of whom are minority residents. There are 106,757 housing

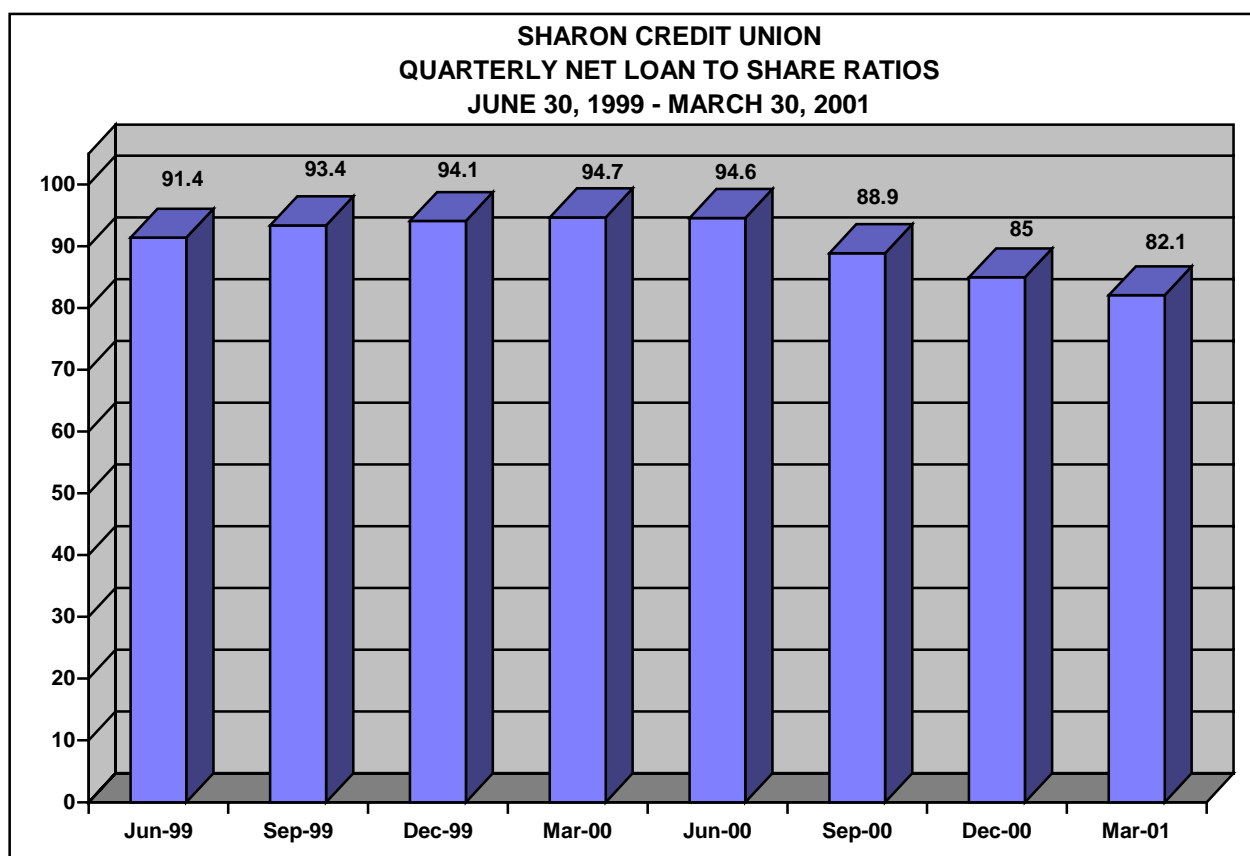
units of which 68.9% are owner-occupied units. The housing stock is comprised mostly of one-to-four family dwellings and multifamily (five or more units) dwellings with the median year built being 1962.

## **PERFORMANCE CRITERIA**

### **1. NET LOAN TO DEPOSIT (SHARE) ANALYSIS**

The first criterion examined was Sharon Credit Union's net loan-to deposit (share) ratio. The credit union's quarterly net loan to share ratios for the period of June 30, 1999, through March 31, 2001 from the NCUA 5300 reports were analyzed. Based upon these reports, the average net loan-to-share ratio for this period was determined to be 90.5%. This ratio is based on loans net of the allowance and loan losses as a percentage of total deposit.

The following graph illustrates the loan to deposit trends.

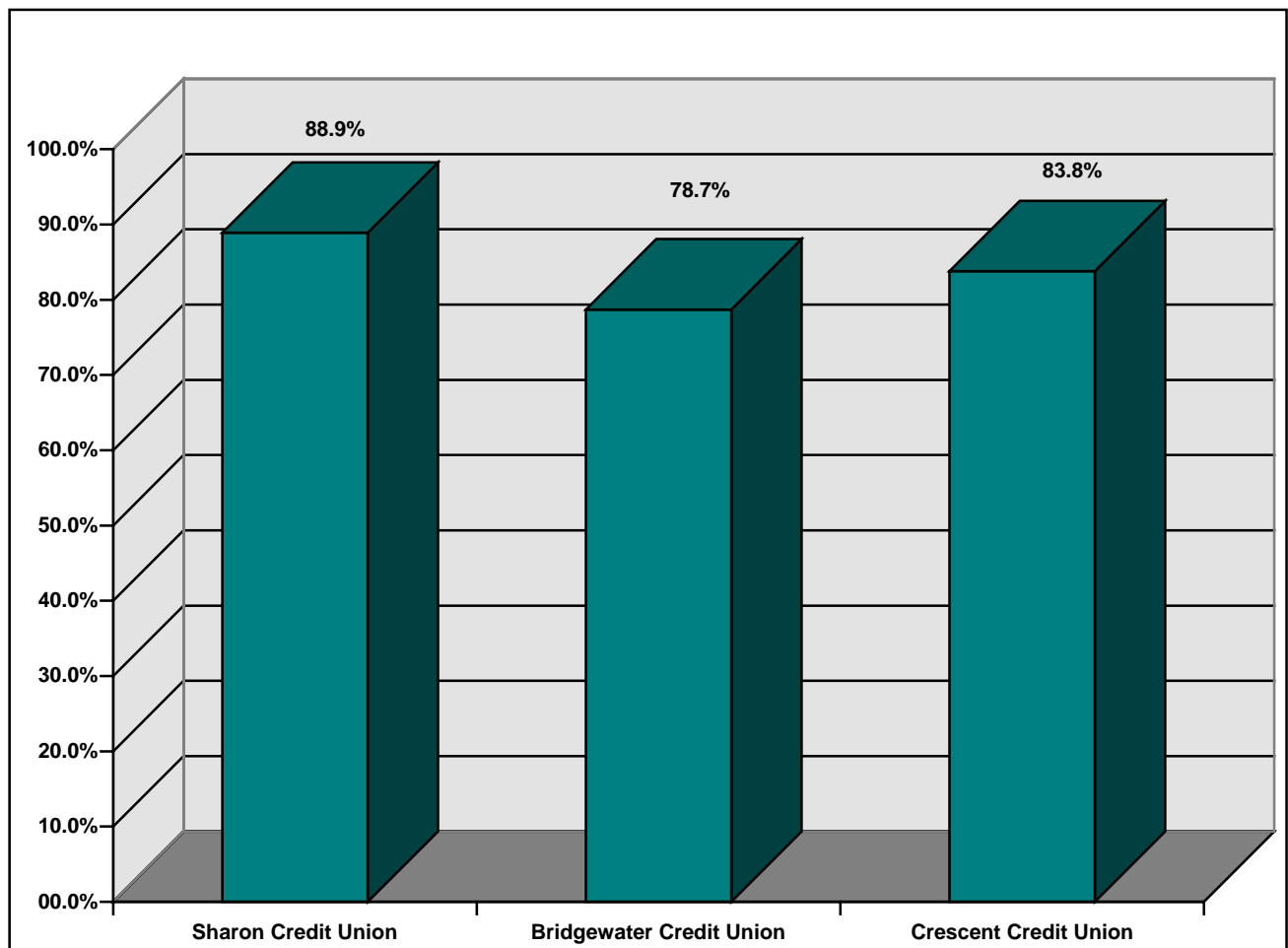


Source: Quarterly NCUA 5300 Call Reports

The analysis indicated that the credit union's loan to deposit ratio maintained a steady level from June 1999 through March 2000 before declining in the last three quarterly

periods. The decline is attributed to an increase in deposits while loans remained constant. During these periods, management aggressively marketed a "no fee" checking account which attracted a substantial number of individuals.

The following graph illustrates loan-to-share ratios for similarly situated institutions within the credit union's assessment area as of September 30, 2000 in comparison to the credit union.



Based on the credit union's capacity to lend and the lending opportunities available in its assessment area, the credit union's net loan-to-deposit ratio is considered to exceed the standards for satisfactory performance.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

An analysis was conducted of Sharon Credit Union's residential and consumer lending inside and outside of its assessment area. The review of residential lending utilized Home Mortgage Disclosure Act reports. The review of consumer lending was based on a sample of consumer loans.

### Residential Lending

A review of Sharon Credit Union's Home Mortgage Disclosure Act Loan Application Registers (LAR's) for 1999, 2000 and Year to Date May 22, 2001 (Y-T-D), was conducted during the examination. The credit union originated 348 HMDA reportable loans during this period. A total of 240 loans or 68.9% were originated within the credit union's assessment area.

The Town of Sharon accounted for 20.1% of the loans by number, followed by the Town of Walpole with 8.9% and Mansfield with 6.3%.

#### MORTGAGE LOANS BY NUMBER OF ORIGINATIONS

| LOCATION | 1999 |      | 2000 |      | Y-T-D 2001 |      | TOTAL |      |
|----------|------|------|------|------|------------|------|-------|------|
|          | #    | %    | #    | %    | #          | %    | #     | %    |
| Inside   | 118  | 63.8 | 100  | 74.1 | 22         | 78.6 | 240   | 68.9 |
| Outside  | 67   | 36.2 | 35   | 25.9 | 6          | 21.4 | 108   | 31.1 |
| Total    | 185  | 100% | 135  | 100% | 28         | 100% | 348   | 100% |

Source: HMDA/LAR Data for 1999, 2000 and YTD May 22, 2001.

The table below provides the dollar volume originated during the period examined. The credit union granted \$25,923,000 in mortgage loans, \$18,392,000 of which were within the assessment area. The Town of Sharon accounted for 23.2% of the loans by dollar amount, followed by Walpole with 9.0% and Attleboro with 8.0%.

### **MORTGAGE LOANS BY DOLLAR AMOUNT OF ORIGINATIONS**

| LOCATION     | 1999          |             | 2000         |             | Y-T-D 2001   |             | TOTAL         |             |
|--------------|---------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|
|              | \$(000)       | %           | \$(000)      | %           | \$(000)      | %           | \$(000)       | %           |
| Inside       | 9,490         | 67.5        | 5,681        | 71.8        | 3,221        | 81.4        | 18,392        | 70.9        |
| Outside      | 4,561         | 32.5        | 2,235        | 28.2        | 735          | 18.6        | 7531          | 29.1        |
| <b>Total</b> | <b>14,051</b> | <b>100%</b> | <b>7,916</b> | <b>100%</b> | <b>3,956</b> | <b>100%</b> | <b>25,923</b> | <b>100%</b> |

Source: HMDA/LAR Data for 1999, 2000 and Y-T-D May 22, 2001

In summary, the credit union has provided a good level of mortgage lending within its assessment area.

### **Consumer Lending**

The credit union extended 563 consumer loans in 1999, 542 consumer loans in 2000 and 248 consumer loans through May 2001. These loans include personal and automobile loans. A sample of 75 consumer loans totaling \$924,000 was taken in order to determine the distribution of credit inside and outside of the assessment area.

As the tables below indicate, a total of 42 consumer loans or 56.0% were originated within the credit union's assessment area. The dollar amount of \$453,000 represented only 49.0% of the dollar volume reviewed.

### **CONSUMER LOAN ORIGINATIONS BY NUMBER OF LOANS**

| LOCATION     | 1999      |             | 2000      |             | YTD 2001  |             | TOTAL     |             |
|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
|              | #         | %           | #         | %           | #         | %           | #         | %           |
| Inside       | 14        | 56.0        | 12        | 48.0        | 16        | 64.0        | 42        | 56.0        |
| Outside      | 11        | 44.0        | 13        | 52.0        | 9         | 36.0        | 33        | 44.0        |
| <b>Total</b> | <b>25</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | <b>75</b> | <b>100%</b> |

Source: In-House Files

### **CONSUMER LOAN ORIGINATIONS BY DOLLAR AMOUNT**

| LOCATION | 1999    |      | 2000    |      | YTD 2001 |      | TOTAL   |      |
|----------|---------|------|---------|------|----------|------|---------|------|
|          | \$(000) | %    | \$(000) | %    | \$(000)  | %    | \$(000) | %    |
| Inside   | 132     | 47.1 | 111     | 33.5 | 210      | 67.1 | 453     | 49.0 |
| Outside  | 148     | 52.9 | 220     | 62.5 | 103      | 32.9 | 471     | 51.0 |
| Total    | 280     | 100% | 331     | 100% | 313      | 100% | 924     | 100% |

Source: In-House Files

The credit union's distribution of consumer loans is considered adequate .

Considering both residential lending and consumer lending, Sharon Credit Union's lending inside its assessment area is found to be satisfactory overall.

### **3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

The third performance criterion evaluates Sharon Credit Union's distribution of loans to borrowers of different income levels within its assessment area. Loans were categorized by the ratio of the applicant's reported income to the 1999, 2000 and 2001 estimated median family incomes of the Boston, Brockton and Providence - Fall River Metropolitan Statistical Areas (MSA's). Income figures were based on estimated 1999, 2000 and 2001 data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50% of the median family income level for the Metropolitan Statistical Area (MSA). Moderate income is defined as income between 50 and 79% of the median family income level for the MSA. Middle income is defined as income between 80 and 119% of the median income. Upper income is defined as income equal to or greater than 120% of the median income.

#### **Residential Lending**

According to the analysis, loans originated to low and moderate-income individuals represented 4.6% and 12.5% respectively of the total number of loans. By dollar amount, these categories represent 5.7% and 11.5% respectively. The majority of loans were made to upper-income borrowers (50.0%) followed by middle-income borrowers (30.4%).

Refer to the following tables for further analysis.



**RESIDENTIAL LOAN ORIGINATIONS BY BORROWER INCOME (NUMBER)**

| % OF MEDIAN MSA INCOME | 1999       |             | 2000       |             | Y-T-D 2001 |             | TOTAL      |             |
|------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
|                        | #          | %           | #          | %           | #          | %           | #          | %           |
| <50%                   | 3          | 2.5         | 7          | 7.0         | 1          | 4.6         | 11         | 4.6         |
| 50% - 79%              | 14         | 11.9        | 13         | 13.0        | 3          | 13.6        | 30         | 12.5        |
| 80% - 119%             | 35         | 29.7        | 32         | 32.0        | 6          | 27.3        | 73         | 30.4        |
| 120%>                  | 63         | 53.4        | 48         | 48.0        | 9          | 40.9        | 120        | 50.0        |
| N/A                    | 3          | 2.5         | 0          | 0.0         | 3          | 13.6        | 6          | 2.5         |
| <b>TOTAL</b>           | <b>118</b> | <b>100%</b> | <b>100</b> | <b>100%</b> | <b>22</b>  | <b>100%</b> | <b>240</b> | <b>100%</b> |

Source: HMDA/LAR Data for 1999, 2000 and Y-T-D 2001

**RESIDENTIAL LOAN ORIGINATION BY BORROWER INCOME (DOLLAR)**

| % OF MEDIAN MSA INCOME | 1999         |             | 2000         |             | Y-T-D 2001   |             | TOTAL         |             |
|------------------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|
|                        | \$(000)      | %           | \$(000)      | %           | \$(000)      | %           | \$(000)       | %           |
| <50%                   | 483          | 5.1         | 293          | 5.2         | 250          | 7.9         | 1026          | 5.7         |
| 50% - 79%              | 1,109        | 11.7        | 616          | 10.8        | 368          | 11.4        | 2093          | 11.5        |
| 80% - 119%             | 2,696        | 28.4        | 1,922        | 33.8        | 388          | 12.0        | 5006          | 27.6        |
| 120%>                  | 5,053        | 53.2        | 2,850        | 50.2        | 1,650        | 51.2        | 9296          | 51.3        |
| N A                    | 149          | 1.6         | 0            | 0.0         | 565          | 17.5        | 714           | 3.9         |
| <b>TOTAL</b>           | <b>9,490</b> | <b>100%</b> | <b>5,681</b> | <b>100%</b> | <b>3,221</b> | <b>100%</b> | <b>18,135</b> | <b>100%</b> |

Source: HMDA/LAR Data for 1999, 2000 and Y-T-D 2001

Sharon Credit Union's distribution of loans among borrowers of different income levels was also compared with that of other lenders in the assessment area using data obtained from PCI Services, CRA Wiz software. This comparison was based on 1999 aggregate data, the most recent data available. This information indicates that Sharon Credit Union's performance was slightly below the aggregate. The aggregate granted 15.3% of their loans to low and moderate-income individuals while the credit union made 14.4% to these groups. However, by dollar amount, Sharon Credit Union exceeded the aggregate with 16.8% compared to 9.2%.

### **SHARON CREDIT UNION COMPARED TO AGGREGATE**

| Family Income Level | Number of Loans     |             |                   |             | Dollars in Loans \$(000) |             |                   |             |
|---------------------|---------------------|-------------|-------------------|-------------|--------------------------|-------------|-------------------|-------------|
|                     | Sharon Credit Union |             | All Other Lenders |             | Sharon Credit Union      |             | All Other Lenders |             |
| <50%                | 3                   | 2.5         | 607               | 3.3         | 483                      | 5.1         | 47,753            | 1.7         |
| 50% - 79            | 14                  | 11.9        | 2,186             | 12.0        | 1,109                    | 11.7        | 214,946           | 7.5         |
| 80% - 119%          | 35                  | 29.7        | 4,061             | 22.2        | 2,696                    | 28.4        | 506,990           | 17.8        |
| 120%<               | 63                  | 53.4        | 8,231             | 45.0        | 5,053                    | 53.2        | 1,527,970         | 53.5        |
| NA                  | 3                   | 2.5         | 3,199             | 17.5        | 149                      | 1.6         | 556,617           | 19.5        |
| <b>TOTAL</b>        | <b>118</b>          | <b>100%</b> | <b>18,284</b>     | <b>100%</b> | <b>9,490</b>             | <b>100%</b> | <b>2,854,276</b>  | <b>100%</b> |

Source: 1999 Aggregate HMDA Data compiled by PCI Services, Inc. CRA Wiz

### **Consumer Lending**

An analysis of a sample of 75 consumer loans extended within the credit union's assessment area, among individuals of various income levels, was conducted.

The tables below indicate that 30.9% of these loans were granted to moderate-income individuals; while 28.6% were granted to low-income applicants. By dollar volume 21.0% and 26.5% were extended to low and moderate-income borrowers respectively.

Refer to the following tables for further analysis.

### **CONSUMER LOAN ORIGINATIONS BY BORROWER INCOME (NUMBER)**

| % OF MEDIAN MSA INCOME | 1999      |             | 2000      |             | Y-T-D 2001 |             | TOTAL     |             |
|------------------------|-----------|-------------|-----------|-------------|------------|-------------|-----------|-------------|
|                        | #         | %           | #         | %           | #          | %           | #         | %           |
| <50%                   | 3         | 21.5        | 5         | 41.7        | 4          | 25.0        | 12        | 28.6        |
| 50% - 79%              | 6         | 42.8        | 4         | 33.3        | 3          | 18.7        | 13        | 30.9        |
| 80% - 119%             | 3         | 21.4        | 0         | 0.0         | 4          | 25.0        | 7         | 16.7        |
| 120%<                  | 2         | 14.3        | 3         | 25.0        | 5          | 31.3        | 10        | 23.8        |
| <b>TOTAL</b>           | <b>14</b> | <b>100%</b> | <b>12</b> | <b>100%</b> | <b>16</b>  | <b>100%</b> | <b>42</b> | <b>100%</b> |

Source: In-house records 1999, 2000 and year-to-date May 22, 2001

### **CONSUMER LOAN ORIGINATIONS BY BORROWER INCOME (DOLLAR AMOUNT)**

| %MEDIAN INCOME | 1999       |             | 2000       |             | Y-T-D 2001 |             | TOTAL      |             |
|----------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
|                | \$(000)    | %           | \$(000)    | %           | \$(000)    | %           | \$(000)    | %           |
| <50%           | 25         | 18.9        | 34         | 30.7        | 36         | 17.1        | 95         | 21.0        |
| 50% - 79       | 55         | 41.7        | 39         | 35.1        | 26         | 12.4        | 120        | 26.5        |
| 80% - 119%     | 35         | 26.5        | 0          | 0.0         | 67         | 31.9        | 102        | 22.5        |
| 120%<          | 17         | 12.9        | 38         | 34.2        | 81         | 38.6        | 136        | 30.0        |
| <b>TOTAL</b>   | <b>132</b> | <b>100%</b> | <b>111</b> | <b>100%</b> | <b>210</b> | <b>100%</b> | <b>453</b> | <b>100%</b> |

Source: In-house records 1999, 2000 and year-to-date May 22, 2001.

It should be stated that consumer loans typically consider the income of only one borrower, but are evaluated in terms of median family income. Therefore, the percentage of loans to low and moderate income borrowers is higher than that of residential mortgage originations, where the income considered is combined family income.

Based upon the analysis of residential and consumer loans it appears that Sharon Credit Union's lending is adequately distributed among borrowers of different income levels, including those of low and moderate-income. The credit union is therefore considered to meet the standards for satisfactory performance for this category.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

Lending activity within the assessment area was reviewed in order to determine the distribution of loans by census tract income level.

Sharon Credit Union's assessment area contains no low-income census tracts. The analysis indicates that the credit union made no loans in moderate-income census tracts. However, 59.6% of the loans went to middle-income census tracts and 38.7% to upper-income census tracts. Refer to the tables below.

**DISTRIBUTION OF LENDING BY CENSUS TRACT(Number)**

| CENSUS TRACT<br>INCOME LEVEL | 1999       |             | 2000       |             | Y-T-D 2001 |             | TOTALS     |             |
|------------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
|                              | #          | %           | #          | %           | #          | %           | #          | %           |
| MODERATE                     | 0          | 0.0         | 0          | 0           | 0          | 0.0         | 0          | 0.0         |
| MIDDLE                       | 67         | 56.8        | 67         | 67.3        | 9          | 40.9        | 143        | 59.6        |
| UPPER                        | 50         | 42.4        | 30         | 29.6        | 13         | 59.1        | 93         | 38.7        |
| NA                           | 1          | 0.8         | 3          | 3.1         | 0          | 0.0         | 4          | 1.7         |
| <b>TOTAL</b>                 | <b>118</b> | <b>100%</b> | <b>100</b> | <b>100%</b> | <b>22</b>  | <b>100%</b> | <b>240</b> | <b>100%</b> |

Source: In-house LAR files for 1999, 2000 and year-to-date May 22, 2001.

**DISTRIBUTION OF LENDING BY CENSUS TRACT(Dollar Amount))**

| CENSUS TRACT<br>INCOME LEVEL | 1999         |             | 2000         |             | Y-T-D 2001   |             | TOTALS        |             |
|------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|-------------|
|                              | \$(000)      | %           | \$(000)      | %           | \$(000)      | %           | \$(000)       | %           |
| MODERATE                     | 0            | 0           | 0            | 0           | 0            | 0           | 0             | 0           |
| MIDDLE                       | 4,866        | 51.3        | 3,370        | 59.3        | 1048         | 32.5        | 9159          | 50.7        |
| UPPER                        | 4,464        | 47.0        | 2,241        | 39.4        | 2173         | 67.5        | 8746          | 48.2        |
| NA                           | 160          | 1.7         | 70           | 1.3         | 0            | 0.0         | 230           | 1.3         |
| <b>TOTAL</b>                 | <b>9,490</b> | <b>100%</b> | <b>5,681</b> | <b>100%</b> | <b>3,221</b> | <b>100%</b> | <b>18,135</b> | <b>100%</b> |

Source: In-house LAR files for 1999, 2000 and year-to-date May 22, 2001.

The credit union's performance in 1999 was compared to that of other lenders who originated residential loans in the assessment area. While Sharon Credit Union did not grant any mortgage loans in that year in moderate-income census tracts, the aggregate extended 74 loans (0.4%) totaling \$7,601,000 (0.3%) to those geographies.

The geographic distribution of consumer loans is not readily available since census tract data is not usually obtained on such loans; therefore, no analysis for this criterion was conducted for this product.

Based on the dispersion of residential lending within its geographies, Sharon Credit Union meets the standards of satisfactory performance for this criterion.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

### **REVIEW OF COMPLAINTS**

Sharon Credit Union has not received any complaints related to its CRA performance since the previous examination. However, the credit union has procedures in place should any consumer complaints related to CRA be received.

### **FAIR LENDING POLICIES AND PRACTICES**

The credit union has adopted a formal Fair Lending Policy as part of its Lending Policy. The policy encompasses the guidelines set forth in the Division of Banks Regulatory Bulletin 2.3 - 101.

### **STAFF TRAINING**

Fair lending training for the credit union staff is conducted formally. Newly hired employees are required to complete fair lending training sessions which include the viewing of "True Colors", a video designed to instruct on disparate treatment. The Senior Lending Officer has attended several lending seminars where ECOA and fair lending issues were discussed.

A Senior Officer attended the Minority Loan Officer Development School designed by the School of Management Development Center for Financial Studies to expand the skills of participants in reaching culturally diverse groups.

### **STAFF COMPOSITION AND COMPENSATION**

As of the date of examination, Sharon Credit Union's staff consisted of 62 employees, of who 47 are full-time, 10 are part-time and 5 are seasonal. The credit union's staff includes 4 minority employees and 4 bilingual employees. Second languages spoken include Spanish, Albanian and German.

Loan originators are paid only on a salary basis.

### **OUTREACH**

The credit union's outreach program is based on management's ongoing contact with credit union members and community organizations within the credit union's assessment area. The staff actively participates in numerous community groups concerned with economic and social development. These organizations include the Salvation Army, the Neponset Valley and Tri-Town Chambers of Commerce, the Mansfield and Sharon Rotary Clubs and the Walpole Chamber of Commerce.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

The credit union offers two specific products which feature flexible underwriting criteria.

The credit union's first-time homebuyer program offers a 3/3 and 5/1 adjustable rate product. The rate offered is 1/8% below the credit union's prevailing rate. Debt ratios have been expanded to 33%/38%. Closing costs have been decreased by \$225 and a minimum of 5% can be fully gifted from a relative. A minimum credit score of 660 is required, however underwriters consider other factors, such as character, extenuating circumstances, and explanations provided by applicants in their review of loan applications.

## **MARKETING**

The credit union maintains an active and inclusive marketing program in order to inform its members and potential members of the products and services it offers. It utilizes a quarterly newsletter (the "Sharon Credit Union Newsletter"), periodic interoffice mailings, statement stuffers and lobby brochures. Advertisement also appear in several local newspapers, including The Attleboro Sun Chronicle, The North Attleboro Free Press, The Norton Buzz, The Stoughton Buzz, The Mansfield Buzz, The Mansfield News, The Canton Journal, The Norwood Bulletin, The Taunton Gazette, The Sharon Advocate, and The Walpole Times. The credit union also airs commercials on radio stations.

## **CREDIT EDUCATION**

The credit union has sponsored credit education seminars on home buying and good credit maintenance.

## **COUNSELING**

The credit union refers members in need of credit assistance to appropriate consumer credit counseling services. Management of the credit union provides general information regarding credit management in an informal format.

## **SECOND REVIEW PRACTICES**

In order to ensure that policies and procedures are not discriminatory, as well as for quality control purposes, the Credit Committee reviews all loans recommended for approval and denial.

## **INTERNAL CONTROL PROCEDURES**

Management of the credit union engages the services of an outside auditing firm to assist in the assessment of product offerings, goals and strategies. Additionally, banking policies are reviewed to ensure that service standards, marketing techniques, solicitations, and responsiveness to members are fair and consistent, and meet the objectives of those policies

## **MINORITY APPLICATION FLOW**

Minority residents in the assessment area total 4.2% of the population. The credit union received 8 applications from minority borrowers, all of which resulted in an origination.

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**SHARON CREDIT UNION**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **MAY 22, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_



## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.